

**MINUTES OF THE  
JOINT CAPITAL FACILITIES & ADMINISTRATIVE SERVICES  
APPROPRIATIONS SUBCOMMITTEE  
THURSDAY, JANUARY 22, 2004, 2:00 P.M.  
Room 403, State Capitol Building**

Members Present:           Rep. Loraine T. Pace, Committee Co-Chair  
                                  Sen. Greg Bell  
                                  Sen. Mike Dmitrich  
                                  Rep. Roger Barrus  
                                  Rep. Ralph Becker  
                                  Rep. DeMar “Bud” Bowman  
                                  Rep. D. Gregg Buxton  
                                  Rep. David Clark  
                                  Rep. Stephen Clark  
                                  Rep. Wayne Harper  
                                  Rep. Brent H. Goodfellow

Members Excused:         Sen. Beverly Evans, Committee Co-Chair

Staff Present:             Kevin Walthers, Fiscal Analyst  
                                  Jonathan Ball, Technology Analyst  
                                  Bonnie Brinton, Committee Secretary

List of those also present:   F. Keith Stephan, Director, DFCM  
                                  David W. Pershing, Sr. VP for Academic Affairs, UofU

A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Pace called the meeting to order at 2:15 p.m.

**1.     Welcome**

Co-Chair Pace welcomed Committee members to this first meeting. She stated that all of the committee members are the same as last year and so introductions were not necessary.

**2.     Letter to all members of the Appropriations Subcommittees from Sen. Blackham and Rep. Bigelow, Co-chairs, Executive Appropriations Committee**

Co-Chair Pace reviewed the letter which contained an introduction to Budget Hearings.

**3.     Committee Responsibilities**

Co-Chair Pace suggested the Committee identify Principles to guide their deliberations this session.

The following Principles were identified:

1. Committee members should review budgets to be discussed before coming to the meeting and determine questions they might have.
2. Co-Chair Pace encouraged Committee members to respond with expectations when the budget being discussed concerns their constituents. She acknowledged the political pressure legislators are required to come to terms with.
3. Committee members were cautioned to be aware of presenting accurate information to the public on issues discussed in meetings.
4. Rep. D. Clark expressed his frustration regarding all the work and effort done by the experts and professional advisors being disregarded by Committee members who vote a particular way because of political aspects.
5. Co-Chair Pace asked each Committee member to consider their top two project priorities for funding and inform her as to what they are.

**MOTION:** Rep. Buxton moved to only bond for the same amount of bond being retired.

Committee members discussed their preference to wait on this motion until more information is available.

Rep. Buxton withdrew his motion.

Sen. Bell stated that he perceived a general sense that the Committee would prefer to fund between a \$64 to \$65 million budget.

David Hart, Executive Director, Capitol Preservation Board, stated that \$50 million plus some dollars left from 2003 will be spent in 2004 on the Capitol renovation.

**MOTION:** Rep. Harper moved to determine that \$64 million would be the basis of the budget for this committee in 2004 with the additional amount of \$50 million for the capitol renovation.

Rep. Buxton asked if the State Treasurer, Ed Alter, could come to the Committee

meeting and provide information and answer questions from Committee members. He will be asked to attend the February 2nd meeting.

**SUBSTITUTE MOTION:** Rep. D. Clark moved to hold funding to the amount of bond retiring and address separate funding for the Capitol Preservation Board. He stipulated that this motion could be deviated from, if deemed appropriate, in the future. This relates to G.O. bonds only.

The substitute motion passed unanimously.

Sen. Dmitrich asked if Leo Memmott, Deputy for Policy, Governor's Office, would come before the Committee and provide information regarding AAA rating and answer questions from the Committee.

Kevin Walthers, Fiscal Analyst, responded to a question on "phase" bonding. He stated that staff doesn't recommend this type of funding. The Treasurer can only borrow as much as can be used in one year even if an entire amount is bonded for. He assured Committee members that Utah is in a better bond-rating position than California, for example.

**MOTION:** Rep. Goodfellow moved that the Committee do all they can to protect the AAA rating the State of Utah has at the present time.

The motion passed unanimously.

Mr. Walthers explained that no one item affects bond rating, and that there are many issues and factors involved in this rating.

**MOTION:** Rep. D. Clark moved to separate G.O. bond funding from Lease Revenue bond funding.

The motion passed unanimously.

Rep. S. Clark stated that he felt he spoke for all Committee members that once a consensus is reached in the Committee that members must stay united and be supportive of the final proposal.

Rep. Buxton asked if there would be some type of cutting off criteria for presentors asking for funding that do not have a chance of receiving the funding because of positioning on list, time or need of request.

Rep. D. Clark stated that he felt it was important to give all presentors an opportunity to share their issues and projects to at least start the funding process.

The following two items of instruction were given to Committee members:

1. A copy of all handouts are to be given to the secretary to be included in the minutes packet to insure a complete record of the meeting.
2. Mr. Walthers will provide copies of all information for Committee members and everyone else will have access to this information on the Website.

#### **4. Budget Overview**

Mr. Walthers noted the Committee calendar provided for members. He stated that he will provide copies of the Budget Overview for Committee members if they would like one and he will email this Overview to each department administration.

The Overview included the following items:

DAS Appropriated Budget

Budget declined more than 12 % since 1998

DAS FTE Counts: Appropriated

Appropriated divisions declined over 9%

DAS FTE Counts: ISF

Actual FTE declined by approximately 3%

Debt Service

Reasons and Key Utah Factors in Maintaining AAA Ratings

Facility Expenditure by Type

Development averaged \$105 million

Improvements averaged \$36 million

Funding Capital Facilities

2003 Bond amount shown in 2001 to reflect replacement of cash previously appropriated

Year End Indebtedness

General Obligation (Building/CHF) and Facility Revenue Bonds

Change in Distribution of G.O. Debt

In 1995, facilities accounted for 86% of debt. In 2004, Highways account for 77% of outstanding debt.

Per Capita Debt Tripled in 10 years

2004 debt level projects to \$669 per Utahn in 2004. Amount rose from \$215 in 1995 to a high of \$718 in 2003.

Debt Service projections

Assumes current CHF plan and annual facility bonds equal to those retired.

Rep. Buxton asked for a clarification on funding for AR & I. Mr. Walthers explained that the funding comes from general funds, and that this funding increases as new projects are built. He stated that Higher Ed. would provide information on the problems related to funding O&M.

David W. Pershing, Sr. VP for Academic Affairs, stated that the University of Utah has problems funding the O&M on building funded by private donations, but the need for the buildings is so great that funding must be provided.

Keith Stepan, Director of DFCM, stated that each year the State falls further behind in fulfilling O&M needs. He also stated that Utah is doing well compared to other states regarding this funding.

Mr. Walthers reassured Committee members that Utah is taking care of the most critical needs in addition to its many other needs.

## **5. Committee Requests**

Co-Chair Pace stated that staff members will provide assistance and answer questions Committee members have as time allows.

Reps. Goodfellow and D. Clark both expressed appreciation and complimented staff members for providing information to Committee members.

Rep. D. Clark requested information on Capital Outlay Authority.

## **6. Other Business**

The sections to be read for Technology Analyst Jonathan Ball's presentation on Monday are Sections 11, 15 and 23.

**MOTION:** Rep. Goodfellow moved to adjourn the meeting.

The meeting passed unanimously.

The meeting was adjourned at 3:25 p.m. by Co-Chair Pace.

The minutes were reported by Bonnie Brinton

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Sen. Beverly Evans  
Committee Co-Chair

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Rep. Loraine T. Pace  
Committee Co-Chair